

QUONSET DEVELOPMENT CORPORATION
MEETING OF BOARD OF DIRECTORS

June 21, 2010

PUBLIC SESSION MINUTES

A meeting of the Board of Directors of the Quonset Development Corporation (the “Corporation”) was held at 5:00 p.m. on Monday, June 21, 2010, at the offices of Hexagon Metrology, Inc. located at 250 Circuit Drive, North Kingstown, Rhode Island, pursuant to notice to all members of the Board of Directors and a public notice of the meeting as required by the Bylaws of the Corporation and applicable Rhode Island Law.

The following members constituting a quorum were present and participated throughout the meeting as indicated: James D. Berson, Robert H. Breslin, Jr., Kas DeCarvalho, Barbara Jackson, John G. Laramée, Richard Pastore, John A. Patterson, Sav Rebecchi, John G. Simpson, and Keith Stokes. Absent was B. Michael Rauh, Jr. Also present were: Steven J. King, P.E., Managing Director; Kevin M. Barry, Finance Director; E. Jerome Batty, Secretary; and Corporation’s staff and members of the public.

1. CALL TO ORDER:

The meeting was called to order at 5:11 p.m. by Chairman Stokes.

2. APPROVAL OF MINUTES:

Upon motion duly made by Mr. Rebecchi and seconded by Mr. Laramée, the Board:

VOTED: To approve the Public Session minutes of the May 17, 2010 meeting, as presented.

Voting in favor were: James B. Berson, Robert H. Breslin Jr., Kas DeCarvalho, Barbara Jackson, John G. Laramée, Richard Pastore, Sav Rebecchi, and John G. Simpson.

Abstaining were: John A. Patterson.

Voting Against were: None

Motion Passed.

3. STAFF REPORTS:

Mr. King announced that QDC Construction Manager, Harold J. Luchka, will be retiring after 30 years of service.

Mr. King reviewed the Staff Report with the Board.

Development and Planning:

- **The EDA project for the overpass by the Lowe's has suffered some changed conditions that resulted in four change orders. Three of the four changes have been approved by the federal government. Additional information has been requested on the last change order. This project is about 80% funded by the federal government.**
- **Amtrak lease finalized as of today.**
- **Sally Beauty Supply opened in the Gateway as of May 24, 2010.**

Construction:

- **Mainsail construction is getting final pavement work and will be open for the Air Show on June 26 & 27.**

Port Operations:

- **Ship traffic is positive with a total of 10 car carriers holding 9,518 units in May, and a total of 273 inbound rail cars.**

Mr. King reviewed the current construction map noting that the work on Marriott Town Place Suites is proceeding the Water Tower painting at the Ladd property and in West Davisville will be completed late summer. Upon questioning from Mr. Patterson, Mr. King explained that the Corporation had the opportunity to accelerate the timeframe to paint the West Davisville water tower as the contractor

working on the Ladd water tower painting expressed an interest. The job went out to bid and that contractor was the low bidder with significant savings to the Corporation. The work is being funded through the water infrastructure surcharge.

Mr. King introduced Mr. Preston from New Harbor Group to give a brief update on Public Relations:

- Work continues with the Port Commission which has entered into a 3rd legislative session

- Sending out 6th edition letter to Legislators inviting them to tour Quonset as part of a comprehensive effort to encourage visits (to date, 7 legislators have toured the Park)

- Radio Ads continue for QuonsetJobs.com and now include live reads (ads run about 84 times a month on one local radio station)

- Last edition of Quonset Points exceeded nine hundred (900) opens

- Inquires have been received to place ads on QuonsetJobs.com (look to possible funding for the incentive)

- Congressman Langevin selected Quonset as the site to announce his bid for reelection

- Social media – Port of Davisville and Quonset are online and have 1 to 2 tweets a day on Tweeter and Quonset is now on Facebook.

4. COMMITTEE REPORTS:

A. Strategic Planning Committee:

Mr. Simpson drew the Directors attention to Tab 3 of the Board packet and noted the Operating Plan was drafted by staff and the Strategic Planning Committee to be used in conjunction with the updated Master Land Use and Development Plan to create a plan to maintain and sustain the Park. Mr. Simpson asked the members to review the draft for approval at the next meeting. It was noted that any comments or questions regarding the Operating Plan should be made directly to Katherine Trapani, Planning Manager.

5. APPROVAL REQUESTS:

A. Approval of Lease Amendment for Banneker Industries, Inc.:

Mr. King handed out a location map (Exhibit A) to accompany the transaction request for approval of the lease amendment. QDC owns and operates a three (3) bay warehouse building consisting of approximately 126,455 SF in the Davisville Waterfront District known as Building 318. Banneker Industries, Inc. currently leases Bay C and

has requested to lease the entire building. The full annual rent under the lease would be \$441,328, and include \$66,200 annually in PILOT payments to the Town. The term of the lease amendment would be concurrent with existing lease (52 months remaining). QDC shall provide a \$150,000 allowance in escrow for tenant improvements to upgrade the heating system in the building. The allowance cost has been amortized and will be recouped in the rent.

Upon motion duly made by Mr. Berson and seconded by Ms. Jackson, the Board:

VOTED: That the Corporation acting by and through its Chair, Vice-Chair, Managing Director or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver a Lease Amendment, and other agreements related thereto with Banneker Industries, Inc. (the "Amendment") substantially in accordance with the Request for Board Authorization presented to the Board (the Amendment, and related documents are referred to herein collectively as the "Agreements").

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of such Agreements or as any of the Authorized Officers acting singularly and alone shall deem

necessary, desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the execution and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation

Voting in favor were: James D. Berson, Robert H. Breslin, Jr., Kas DeCarvalho, Barbara Jackson, John G. Laramée, Richard Pastore, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

B. Approval of Payment In Lieu of Taxes (PILOT) Agreement, Municipal Services Agreement, and an Intergovernmental Agreement for Wastewater Services between Quonset Development Corporation and the Town of North Kingstown:

Mr. King welcomed the members of the North Kingstown Town Council and Michael Embury, the North Kingstown Town Manager who were present at the meeting.

The Board agreed to vote on all of the agenda items in Tabs 5, 6, and 7 under one motion as approval of one agreement was contingent on approval of all the agreements.

Mr. King first reviewed the Payment In Lieu of Taxes (“PILOT”) Agreement with the Board. QDC and the Town have a PILOT Agreement, for tenants paying rent in the Park, in place that will expire at the end of June. The new agreement is consistent with the current agreement but does not contain the current cumbersome multiplier, and instead uses a flat rate of 15 percent of rent. The PILOT Agreement will be in place for ten (10) years starting July 1, 2010 and will have an option to extend another ten (10) years.

Mr. King explained that the new agreement also contains in paragraph five (5) a change to the Town's Ordinances Section 19-40 the Economic Development Tax Incentive. The change provides that new buildings or structures at Quonset Business Park will benefit from the six (6) year tax phase in, without regard to whether the Town or the State of Rhode Island issues permits for the new project.

Next, Mr. King reviewed the Municipal Services Agreement. Mr. King noted that recital number seven (7) on page one (1) of the draft agreement best summed up the intent of the document,

“The QDC and the Town desire to maintain a high quality, first class business park with robust infrastructure, clean, attractive common areas, quality open space and amenities and wish to share in the cost of providing such services”.

Mr. King further explained that the basic framework for this agreement was for QDC to maintain the Park infrastructure while providing a funding mechanism. The agreement consists of three (3) services:

ه Fire Protection (will continue as set in place)

ه Police Protection (will continue as set in place)

ه Roadway Maintenance/Improvements.

Mr. King stated in order to determine the cost of roadway maintenance and improvement, ownership of the roads was established (whether Town or QDC) and then type of roadway was determined (primary or secondary). The results are noted on page five (5) of the agreement. QDC used this information to create a formula based on ownership to determine the annual cost per acre to maintain the common area. The Town will make payments commencing July 1 of each fiscal year. The Corporation will annually update actual road frontages and recalculate the cost in January of each year and provide the information to the Town by March 31st of each year. The annual per acre charge (currently calculated at \$485.00) will be increased by 2.5% per year for each subsequent year.

Mr. King added that a joint Infrastructure Fund will be maintained and administered by the Corporation during the term of this agreement to be used for roadway improvements and dredging the Allen Harbor access channel when necessary. The initial payment to the fund will be four hundred thousand dollars (\$400,000), of which three hundred thousand dollars (\$300,000) is for roadway improvements and one hundred thousand dollars (\$100,000) is for dredging. The annual payment to the infrastructure fund for dredging is 70% by the Town and 30% by QDC based on usage. The infrastructure fund for the roadway improvements will be based on the following formula:

 QDC $[(\text{QDC Vacant Land} + \text{RIAC Land}) / \text{Total}] \times \text{Cost}$

 Town $[(\text{QDC Leased Land} + \text{Sold Land} + \text{Town Land}) / \text{Total}] \times \text{Cost}$

Acreage) x Cost]

The cost will be fixed at \$300,000 for first five (5) years and then increase every five (5) years as set forth in the agreement. QDC will update annually the actual road frontages in January of each year and the Town and QDC will make payments of their respective pro rata share into the infrastructure fund each year within thirty (30) days of such calculation. The Municipal Services Agreement will have a ten (10) year term with an option to extend another ten (10) years which is consistent with the PILOT Agreement. Mr. King noted that there is a provision in the agreement related to building code enforcement to help streamline the permit process for businesses in the Park.

Finally, Mr. King reviewed the Intergovernmental Agreement for Wastewater Services between the Corporation and the Town. Under the agreement, QDC would provide sewer services to the Town. QDC currently services several areas outside the Park for which the Corporation bills the recipients directly. The Town is seeking to increase the QDC sewer service area to include an additional district along Post Road. In exchange, the Town would take over billing of QDC existing and new users and QDC would use a bulk meter to bill the Town. The Town will adopt and enforce QDC sewer rules for these users and will be responsible for upgrades to DS55 if necessary. Mr. King noted that after much research and discussion, the Corporation has decided to sell the Town this service based on their estimated maximum water capacity which has been calculated at

200,000 gallons a day. Using the estimated capacity, the Corporation has determined the cost of construction to upgrade the current Sewer Plant to meet this capacity is \$2.46 million. The Town will hold these funds until it is necessary to expand. The Board discussed in further detail the conditions of each agreement.

Upon motion duly made by Mr. Laramee and seconded by Mr. Patterson, the Board:

VOTED: That the Corporation acting by and through its Chair, Vice-Chair, Managing Director or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver the Payment in Lieu of Taxes Agreement, the Municipal Services Agreement and the Intergovernmental Agreement for Wastewater Services and other agreements related thereto with the Town of North Kingstown, (the "Agreements") substantially in accordance with the draft agreements presented to the Board.

VOTED: That each of the Authorized Officers, acting singularly and

alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of the Agreements or as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the execution and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: James D. Berson, Robert H. Breslin, Jr., Kas DeCarvalho, Barbara Jackson, John G. Laramée, Richard Pastore, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

C. Approval of Amendment to the Development Agreement with Atlantic Ethanol, Inc.

Mr. King went over the basic terms of the amendment with the Board. Atlantic Ethanol, Inc. is seeking to extend their Development Agreement to allow for more time to make Part II of their submission to the US Department of Energy under the Innovative Energy Efficiency, Renewable Energy and Advanced Transmission and Distribution Technologies Solicitation No. DE-FOA-0000140. Mr. King explained that this deal with Atlantic Ethanol, Inc. has been in negotiations for four (4) years. Mr. King noted that the terms of the extension include a significant financial stake for Atlantic Ethanol, Inc. securing continual efforts to move the project forward. There was some further discussion regarding the history of the project. Mr.

King noted that the first payment has been received (Exhibit B).

Upon motion duly made by Mr. Patterson and seconded by Mr. Rebecchi, the Board:

VOTED: That the Corporation acting by and through its Chair, Vice-Chair, Managing Director or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver an Amendment to the Development Agreement, and other agreements related thereto with Atlantic Ethanol, Inc. (the "Amendment") substantially in accordance with the Request for Board Authorization presented to the Board (the Amendment, and related documents are referred to herein collectively as the "Agreements").

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of such Agreements or as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and

ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the execution and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: James D. Berson, Robert H. Breslin, Jr., Kas DeCarvalho, Barbara Jackson, John G. Laramee, Richard Pastore, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

D. Approval of Amendment to the Development Agreement with

Deepwater Wind Rhode Island, LLC:

Mr. King noted that Deepwater Wind Rhode Island, LLC (“Deepwater Wind”) has asked for an extension on two of their obligations. Mr. King noted that the two obligations were to create a Master Land Use Plan and complete the State Environmental Review processes as outlined in their Development Agreement. Mr. King further explained that the Deepwater Wind Project has been delayed by the Public Utility Commission’s recent decision against the wind project and the necessary additional efforts of the proponents to move the project forward.

Mr. King then introduced Mr. Rich of Deepwater Wind who provided the Board with a brief update and overview (Exhibit C).

Upon motion duly made by Mr. DeCarvalho and seconded by Mr. Rebecchi, the Board:

VOTED: That the Corporation acting by and through its Chair, Vice-Chair, Managing Director or Finance Director, each of them acting alone the "Authorized Officers" is hereby authorized to enter into, execute and deliver an Amendment to the Development Agreement, and other agreements related thereto with Deepwater Wind Rhode Island, LLC (the “Amendment”) substantially in accordance with the Request for Board Authorization presented to the Board (the Amendment, and related documents are referred to

herein collectively as the “Agreements”).

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of such Agreements or as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board, and on behalf of the Corporation, such Authorized Officers are hereby authorized, empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the execution and delivery of any instrument, document or agreement by any of the Authorized

Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: James D. Berson, Robert H. Breslin, Jr., Kas DeCarvalho, Barbara Jackson, John G. Laramee, Richard Pastore, John A. Patterson, Sav Rebecchi, and John G. Simpson.

Voting Against were: None

Unanimously Approved.

Mr. King announced that B. Michael Rauh, Jr. has been appointed by the Governor to fill Mr. Stoke's vacant seat on the Board. Mr. Rauh will join the Board at the next meeting but was unable to attend tonight due a conflict with his last meeting of "Save the Bay".

There being no further business to come before the Board, upon motion duly made by Mr. Berson and seconded by Mr. Laramee, the meeting was adjourned at 6:53 p.m.

Respectfully submitted:

By: _____
Secretary

E. Jerome Batty,